



**ARIZONA STATE SENATE**  
*Fifty-Second Legislature, Second Regular Session*

**FINAL AMENDED**  
**FACT SHEET FOR S.B. 1432**

private property; acquisition; United States  
(PREV NOW: temporary conservation easement; taxation)  
(NOW: conservation easements; tax classification; registry)

Purpose

Establishes a new subclass of the Class Two property tax.

Background

A conservation easement is an agreement between a landowner and a conservation organization or government with the purpose of completing certain conservation objectives. The landowner's usage rights of the land are constrained in order to meet these objectives, but ownership of the designated area is maintained for both current and future landowners. The decision of a landowner to enter into this type of agreement is voluntary. Conservation easements are usually permanent, unless otherwise specified. The objectives of a conservation easement may involve:

- a) maintaining and improving water quality;
- b) fostering forest growth; and
- c) maintaining migration corridors.

A Class Two property refers to agricultural property, properties of non-profit organizations and vacant land (A.R.S. § 42-12002). The assessment ratio for a Class Two property is 16 percent. Class Four property refers to non-primary residential property as well as leased or rented residential property (A.R.S. § 42-12004). The assessment ratio for a Class Four property is 10 percent.

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Establishes Class Two (C) as a subclass of Class Two property for the purposes of taxation.
2. Specifies that Class Two (C) property consists of real property that is currently burdened by a conservation easement.

3. Requires a county assessor to maintain a public digital registry of each parcel of property classified as Class Two (C) property that shall consist of the following:
  - a) the name of the owner or owners of the property;
  - b) the date the conservation easement was created;
  - c) whether the easement is perpetual or limited in duration; and
  - d) the date or conditions under which the conservation easement terminates.
4. Requires a county assessor to periodically verify the status of properties classified as Class Two (C) and revise information in the registry as necessary.
5. Establishes a 15 percent assessment ratio for property classified under Class Two (C).
6. Makes technical changes.
7. Contains a delayed effective date of January 1, 2017.

Amendments Adopted in Committee

- Adopted the strike everything amendment.

Amendments Adopted by Committee of the Whole

1. Clarifies language pertaining to the assessment of taxes.
2. Requires the County Treasurer to make a record of the lien with the County Recorder.

Amendments Adopted by the House of Representatives

- Adopted a strike everything amendment relating to the creation of a new subclass of property taxes.

Senate Action

FMFR     2/16/16     DPA/SE     4-0-3  
3<sup>rd</sup> Read     2/29/16

House Action

AWL     3/17/16     DPA/SE     7-1-0-2  
3<sup>rd</sup> Read     3/29/16     39-20-1

Signed by the Governor 5/11/16  
Chapter 168

Prepared by Senate Research  
May 23, 2016  
FB/ZD/rf